

Message Text

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TO SECSTATE WASHDC 4975

C O N F I D E N T I A L SECTION 1 OF 3 PORT AU PRINCE 1766

EO 11652 GDS
TAGS: EAID, SIG, HA
SUBJECT: IGA REPORT OF MARCH 22 ON AID PLANNING PROCESS IN HAITI

REF: STATE 092175

A. SUMMARY: COUNTRY TEAM COMMENTS ON IGA REPORT ON
AID PLANNING PROCESS FOLLOW. COMMENTS ARE
RESPONSIVE TO REFTEL AND REFERE TO SEVERAL OTHER
IGA RECOMMENDATIONS, INCLUDING STATE PARTICIPATION
IN AID PLANNING PROCESS. MESSAGE ENDS WITH SPECIFIC
RECOMMENDATIONS CONCERNING JOINT COMMISSION MEETING
IN JUNE. END SUMMARY.

B. FOLLOWING ARE COUNTRY TEAM'S COMMENTS ON
SPECIFIED ITEMS OF IGA REPORT:

1. SECOND RECOMMENDATION, PAGE 14

A. WE ENDORSE THE RECOMMENDATION'S THRUST --
THAT GOH PROGRESS IN REFORM IS A NECESSARY ELEMENT OF
DEMONSTRATING HAITI'S FULL COMMITMENT TO DEVELOPMENT --
BUT CONSIDER THAT THE LANGUAGE OF THE RECOMMENDATION
FOCUSSES TOO NARROWLY ON (1) AID'S LEVERAGE, WHICH CAN
BE EFFECTIVE ONLY TO THE EXTENT THAT IT IS JOINED WITH
THAT OF ALL OTHER DONORS AND EXERTED IN HARMONY TO PROMOTE
AN AGREED SET OF OBJECTIVES; AND (2) FISCAL REFORM, WHICH
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SHOULD NOT BE TREATED APART FROM OTHER AREAS OF PROGRESS
IDENTIFIED IN THE DAP REVISION AS EQUALLY IMPORTANT TO
DEVELOPMENT, E.G. REFORM OF CUSTOMS ADMINISTRATION AND
INCREASE OF OPERATING BUDGETNALLOCATIONS (ESPECIALLY SALARY
REVISION).

B. OUR PREFERRED STRATEGY, SET FORTH IN THE DAP

REVISION, ENVISAGES A U.S. INITIATIVE DESIGNED TO ACHIEVE AGREEMENT AMONG DONORS ON (1) A LIST OF REFORM OBJECTIVES ON WHICH STEADY PROGRESS IS ESSENTIAL TO THE EFFECTIVE MANAGEMENT OF ECONOMIC ASSISTANCE PROGRAMS IN HAITI, UNDER THE PRIORITIES ESTABLISHED BY THE GOH ITSELF; (2) MEASURES TO COORDINATE AND APPLY THEIR RESPECTIVE FORMS OF LEVERAGE SO AS TO IMPRESS UPON THE GOH THE SERIOUSNESS OF THE TASK AND ESTABLISH GOALS OF PROGRESS IN THE REFORM AREAS IDENTIFIED; AND (3) THE IMMEDIATE OBJECTIVES TO BE SOUGHT AT THE JOINT COMMISSION MEETING IN WASHINGTON, JUNE 1977, AND TACTICS FOR ACHIEVING THOSE OBJECTIVES.

2. RECOMMENDATION ON PAGE 23 - WE AGREE WITH THE RECOMMENDATION AND ARE DEVELOPING A STRATEGY WITH THE FOLLOWING ELEMENTS:

A. HELP THE GOH TO DEFINE CONADEP'S ROLE MORE REALISTICALLY SO THAT IT ACTS AS A TRUE PLANNING AUTHORITY RATHER THAN -- A DISTURBING TREND -- AS ANOTHER BUREAUCRATIC LEVEL COMPETING WITH THE MINISTRIES ENGAGED IN SECTORAL PLANNING AND UNREASONABLY DELAYING THE PROCESS OF PROJECT REVIEW AND APPROVAL;

B. STRENGTHEN THE PLANNING UNITS IN THE KEY DEVELOPMENT MINISTRIES -- E.G. AGRICULTURE, HEALTH -- AND PROMOTE MORE EFFECTIVE COORDINATION BETWEEN THESE UNITS AND CONADEP;

C. WORK MORE CLOSELY WITH OTHER DONORS, USING
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INFORMAL CONSULTATIONS AS WELL AS THE JOINT COMMISSION MECHANISM, TO STRENGTHEN THE GOH PLANNING STRUCTURE AT BOTH CONADEP AND MINISTERIAL LEVELS.

3. RECOMMENDATIONS ON PAGE 28

A. OUR STRATEGY ON DONOR COORDINATION, INCLUDED IN THE DAP REVISION, ENVISAGES IN THE FIRST INSTANCE AN INFORMAL COORDINATION PROCESS AMONG DONOR REPRESENTATIVE, IN PERIODIC MEETINGS CHAIRED BY THE LOCAL IDB REPRESENTATIVE, DESIGNED TO EXCHANGE INFORMATION, EXAMINE PROJECT IDEAS, IDENTIFY PROJECTS APPROPRIATE TO PRIORITIES MUTUALLY ESTABLISHED BY THE GOH AND DONORS, AND APPRAISE THE EXECUTION OF PROJECTS. THIS PROCESS IS ALSO DESIGNED TO PREPARE FOR JOINT COMMISSION MEETINGS AND TO COMPLEMENT THE WORK OF THAT BODY.

B. WE HAVE SUPPORTED THE WORLD BANK'S INITIATIVE

IN PROPOSING AN AGRICULTURAL WORKING GROUP AND WILL CONTINUE TO DO SO.

C. ANALYSIS OF OTHER DONORS' PROGRAMS IS INCLUDED IN THE DAP AS PART OF THE SECTORAL DISCUSSIONS.

D. IN OUR VIEW, THE ISSUE OF SALARY REFORM SHOULD BE INCLUDED AMONG REFORM OBJECTIVES TO BE SOUGHT AT THE JOINT COMMISSION MEETING, BUT AS PART OF A BROADER PROBLEM -- THAT OF THE SHORTAGE OF OPERATING BUDGET ALLOCATIONS. WE WISH TO SEE CURRENT ERRATIC PATTERN OF DONOR STIPENDS DISAPPEAR, BUT THIS CAN BE ACCOMPLISHED ONLY WHEN A GENERAL SALARY REFORM MAKES PUBLIC SERVICE MORE ATTRACTIVE AND WHEN MORE EFFECTIVE CIVIL SERVANTS CAN BE RECRUITED, TRAINED, ADVANCED, AND ASSIGNED. WE BELIEVE THAT MULTILATERALLY SPONSORED STUDY LEADING TO UNIFORM SALARY SCHEDULE WOULD BE

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WELL RECEIVED BY BOTH GOH AND DONORS (MUCH PREFERABLE TO AID-FINANCED STUDY). WE RECOMMEND THAT AID/W EXPLORE WITH WORLD BANK OUTLINE OF SUCH A STUDY WHICH COULD BE TABLED AT JUNE MEETING.

4. RECOMMENDATION ON PAGE 30

A. IT IS UNREALISTIC TO EXPECT THAT USAID/H CAN DEVELOP A STRATEGY ON THE TYPE OF COORDINATION IT WILL ENCOURAGE AMONG THE SIXTY OR MORE PVOS WORKING THROUGHOUT HAITI. THE USAID MISSION HAS LITTLE LEVERAGE ON THE PVOS, WHICH USE PRIVATE RESOURCES AND FOLLOW GOALS SET BY THEIR HEADQUARTERS. MOST PVOS HAVE OPERATED IN HAITI FOR LONGER THAN USAID HAS AND HAVE STRONG IDEAS ON DEVELOPMENTAL STRATEGIES APPROPRIATE TO THEIR OWN FINANCIAL AND PERSONNEL RESOURCES. MANY PVOS ARE FROM COUNTRIES OTHER THAN THE UNITED STATES.

B. WE THEREFORE PROPOSE, INSTEAD, THAT AID/W,
IN CONSULTATION WITH THE RESPECTIVE PVO HEADQUARTERS,
DRAW UP A POLICY FRAMEWORK FOR THE AMERICAN PVOS IN
HAITI REFLECTING THE ADMINISTRATION'S CONCEPTS ON COMPRE-
HENSIVE, SIMPLIFIED, AND ACCOUNTABLE MANAGEMENT AND
DRAWING UPON RECENT CONGRESSIONAL MANDATES TO STRENGTHEN
THE ROLE OF PVOS IN DESIGNING AND IMPLEMENTING ECONOMIC
ASSISTANCE PROGRAMS. SINCE HAITI'S PROBLEM IS TYPICAL
OF MANY LDCS, AND THE PVO DIMENSION IN OUR AID PLANNING
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IS BEING REVIEWED WORLDWIDE, IT WOULD BE LOGICAL THAT
SUCH A TASK BE UNDERTAKEN BY A PVO COORDINATOR TO BE
ESTABLISHED WITHIN AID/W. ON THE BASIS OF SUCH A
FRAMEWORK, USAID/H CAN IMPROVE AND STRENGTHEN THE PROCESS OF
CONSULTATION AND COORDINATION. WE WOULD EXPECT STRONG GOH
ENDORSEMENT OF SUCH AN EFFORT EET# THE PROLIFERATION OF

PVOS AND THE MARGINAL OR EXPLOITATIVE CHARACTER OF A
FEW OF THEM HAS LONG DISTURBED THE GOVERNMENT.

5. PARA 2, PAGE 22, GOH WAS NOT GIVEN 1975 DAP.

6. FINAL PARA, PAGE 20, ASSESSMENT FIVE YEAR PLAN
IS IN DRAFT DAP.

7. SECOND PARA, PAGE 5. A. THE REPEATED USE OF WORD
"SCHISM" CONVEYS A MISLEADING IMPRESSION OF BOTH THE
NATURE AND THE DEGREE OF DIFFERENCES OF PROFESSIONAL
OPINION BETWEEN USAID AND AID/W. IGA REPORT DOES NOT
SEEM TO RECOGNIZE THAT ABSORPTIVE CAPACITY IS NOT AN
ABSOLUTE BUT A REALTIVE TERM LINKED TO DEVELOPMENT NEEDS.
ABSORPTIVE CAPACITY CAN BE AND MUST BE EXPANDED AS PART
OF ANY SOUND DEVELOPMENT PROGRAM. FROM THE OUTSET, BOTH
USAID AND AID/W, ALONG WITH OTHER DONORS, RECOGNIZED THE
HIGH LEVEL OF HAITI'S NEED. ALL CAME TO RECOGNIZE THE
PROBLEM OF USING ASSISTANCE EFFECTIVELY AS THE SIGNIFICANT
FLOW OF EXTERNAL ASSISTANCE EXPOSED THE GRAVITY OF CONSTRAINTS,
PARTICULARLY IN HUMAN RESOURCES AREA. DIFFERENCES OF
OPINION BETWEEN USAID AND AID/W HINGED MORE ON
QUESTION OF TIMING THAN ON ABSOLUTE LEVELS OF
PROJECT COSTS. FOR EXAMPLE: (1) USAID PROPOSED
A JOINT PROJECT FOR ASSISTING IN DEVELOPMENT OF
SMALL FARMER MARKETING COOPERATIVES TO BE STARTED
BY GRANT PROJECT IN FY 1977, FOLLOWED BY A SUB-
STANTIAL LOAN IN FY 1978. AID/W PROPOSED THAT FULL
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PROJECT BE IN FY 1977 PROGRAM. USAID/H REFUSED, STATING THAT FIRST YEAR GRANT PROJECT WAS ESSENTIAL TO ADEQUATE DESIGN OF LARGER PROJECT. (2) SIMILARLY, THERE HAVE BEEN DIFFERENCES IN OPINION ON HOW SOON A FULL SCALE RURAL HEALTH DELIVERY SYSTEM PROJECT COULD BE DEVELOPED. (3) MORE GENERALLY, WE HAVE FOUND THAT AID/W TENDS TO UNDERESTIMATE THE TIME AND MANPOWER REQUIRED TO DEVELOP FULLY A PROJECT OR PROGRAM. (4) IN ANY CASE, WE DO NOT BELIEVE THAT THE REPORT'S INCOMPLETE DISCUSSION OF ABSORPTIVE CAPACITY IS A SUFFICIENT BASIS FOR CONCLUDING THAT ANY PROGRAMS SHOULD BE CURTAILED OR TERMINATED. THAT JUDGMENT WILL DEPEND ON THE ANALYSIS EMBODIED IN THE DAP REVISION AND ON INTER-DONOR CONSULTATIONS NOW IN PROGRESS.

B. THE RECENT DECISION TO UNCOUPLE PRP PREPARATION FROM THE CONGRESSIONAL PRESENTATION SHOULD RELIEVE SOME OF THE TIME PRESSURES ON BOTH SIDES AND RESULT IN MORE THOROUGH PROJECT ANALYSIS AND IMPLEMENTATION PLANNING.

8. STATE ROLE, PAGES 15-18: WE ENDORSE THE

REPORT'S OBSERVATIONS ON NEED FOR GREATER EMBASSY PARTICIPATION IN AID PLANNING (AND BY THE SAME TOKEN ARA ROLE IN AID/W PLANNING-REVIEW SESSIONS) AND HOPE THE DEPARTMENT WILL SUPPORT PARM RECOMMENDATION FOR REPROGRAMMING IN ECONOMIC SECTION TO ATTAIN THIS OBJECTIVE. BACKING UP THAT RECOMMENDATION WITH THE ASSIGNMENT OF OFFICERS TO THE EMBASSY PURPOSEFULLY TRAINED IN AID PLANNING AND PROGRAMMING WOULD BE AN ADDED BONUS.

9. DONOR COORDINATION, PAGE 23:

JOINT COMMISSION MEETING - ONE POINT, WE BELIEVE, REQUIRES SPECIAL EMPHASIS. THE JOINT COMMISSION MEETING IN
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JUNE REPRESENTS AN UNPRECEDENTED (AND NOT SOON TO BE REPEATED) CHANCE TO EXPOSE -- QUIETLY, COURTEOUSLY, BUT FIRMLY -- THE VERY SERIOUS DONOR CONCERNS OVER GOH COMMITMENT TO DEVELOPMENT WHICH HAVE EMERGED OVER THE PAST SIX TO NINE MONTHS. WE BELIEVE AID/W AND THE DONORS SHOULD NOT BE DIFFIDENT ABOUT EXPRESSING THESE CONCERNS IN JUNE. IF THE ISSUES ARE

FUZZED OVER, AND THE MEETING ALLOWED TO PASS AS ANOTHER
POLITE MULTILATERAL EXCHANGE OF VIEWS, THE INTERESTS OF
ALL PARTIES WIPE SUFFER IN THE LONG RUN. THE HAITIANS

NOTE BY OC/T: #AS RECEIVED.

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SHOULD NOW UNDERSTAND, WITHOUT ANY EQUIVOCATION,
THAT THEY CANNOT PROCEED BLITHELY TO IGNORE DONOR
CONCERNS AS IF EXTERNAL AID WERE INEXHAUSTIBLE.

B. COORDINATED DEVELOPMENT STRATEGIES - THE
DONORS SHOULD UNDERSTAND THAT THEY CANNOT PURSUE A
MULTIPLICITY OF INDIVIDUAL DEVELOPMENT STRATEGIES
WITH LITTLE CONCERN ABOUT OVERLAPPING OR DUPLICATION
AND WITH NO CONSISTENT MEANS TO MEASURE GOH PROGRESS
TOWARD REFORM. THE JOINT COMMISSION MEETING COMEFM
AT A CRUCIAL STAGE IN THE ECONOMIC REHABILITATION OF
THIS HEMISPHERE'S POOREST COUNTRY, WHEN DONOR LEVERAGE
IS PROBABLY AT ITS PEAK. WE, THEREFORE, RECOMMEND
THAT PREPARATIONS FOR THE MEETING BE GIVEN HIGH-LEVEL
ARA AND AID/W ATTENTION, IN PARTICULARLY CLOSE CON-
SULTATION WITH THE IBRD, IDB AND IMF. WE WILL BE
SENDING OUR COMMENTS ON PROPOSED AGENDA WITH TEN
DAYS, AFTER CONSULTATIONS WITH OTHER DONORS, GOH OFFICIALS,
AND TWO OAS REPRESENTATIVES WHO WILL RETURN TO HAITI
SHORTLY TO COMPLETE AGENDA PLANNING.

C. MEETING TACTICS - WITH REFERENCE TO TACTICS
FOR JUNE MEETING, WE RECOMMEND THAT IN ADDITION TO
EXPRESSING THEIR OPINIONS IN THE FORMAL SESSION THE
DONORS PLAN A PRIVATE MEETING WITH THE LEADERS OF THE
GOH DELEGATION. THIS PROCEDURE WORKED VERY WELL HERE
LAST OCTOBER. HIGH OFFICIAL OF ONE OF MAJOR DONOR

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AGENCIES, PREFERABLY IBRD OR IDB, SHOULD BE ASKED TO
CHAIR SUCH A MEETING AND PREPARE SUMMARY OF IT.
ON BASIS OF PRIVATE MEETING OR IN ADVANCE OF IT,
WE COULD TRY TO GET DONORS TO DEVELOP LETTER TO
PRESIDENT SUMMARIZING OUR COLLECTIVE VIEWS ON
NEEDED REFORMS AND, IF POSSIBLE, GET INFORMAL
REACTION FROM GOH REPRESENTATIVES PRIOR TO ADJOURNMENT
OF JOINT COMMISSION MEETING.
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